

UNAUTHORIZED USE

There are two types of credit card disputes which commonly arise. The first involves unauthorized use of your card, when someone steals, borrows, or otherwise uses your card or card number without permission.

Under the law, your obligation for unauthorized use of your credit card is limited to \$50. This means that if someone steals your card, for example, your credit card lender can charge you a maximum of \$50 no matter how much the thief has charged on your card. (This limit may not apply to a "debit" card.)

As soon as you know of the unauthorized use of your credit card, you should call the lender to make a report. If you call before unauthorized charges are incurred, you cannot be charged even \$50, since the lender can take steps to cancel your card and send you a new one. If a charge unexpectedly appears on your bill for something you did not authorize, you can also use your right to dispute the charge which is discussed below.

DISPUTES ON HOW MUCH YOU OWE

The second type of billing dispute which arises involves disputes about how much you owe. A merchant may have overcharged you on the card, charged you for products or work you did not receive, or may process a transaction in error.

The law provides a basis to dispute these incorrect bills. Information about how to raise a dispute appears on the back of each bill - including the mailing address to use. In summary, you must raise a dispute in writing within sixty days of the first bill with the improper charge. You must include the following information:

- Your name and account number

- The dollar amount you dispute and information as to when it was charged and the name of the merchant.
- A statement of the reason for your dispute.

Some examples of reasons for dispute are:

I did not authorize this charge

I did not receive the goods I ordered.

I returned the goods I ordered because they were defective, but did not get a credit.

The merchant sent me the wrong goods.

The merchant did not complete the services I contracted for or performed them incompletely.

The merchant billed me for \$100 when I agreed to pay \$10.

The merchant double billed me.

I cancelled the contract with the merchant or contractor before the work was performed.

PROBLEMS WITH THE QUALITY OF GOODS OR SERVICES

If you have problems with the quality of the goods or services you purchased, your dispute rights also apply to these purchases on credit cards. These apply whenever the credit card lender owns the business from which you made the purchase or advertises the goods or services you purchased. In addition, this special right applies when the goods cost more than \$50 and are purchased in your home state or within 100 miles of your mailing address.

In order to dispute a charge for goods or services based on quality, you must have first made a good faith effort to resolve the issue with the merchant directly.

Written evidence of your good faith effort is helpful in this circumstance. For example, enclose a letter which you wrote directly to the merchant to outline your problem with the quality of the goods.

WHAT HAPPENS NEXT?

Once you have raised a dispute, the credit card company is required to investigate and report back to you in writing. In many cases, the charge will be canceled. Often a merchant whose billing is challenged will back off rather than risk losing the privilege of accepting business by credit card.

Interest associated with a successfully disputed debt must also be cancelled. Until the dispute is resolved, you need not pay the disputed portion of your bill. However, you must make a payment to cover any undisputed amount. Of course, the credit card issuer cannot report you as delinquent with respect to the disputed amount, but may do so if part of your debt is undisputed and you do not make the necessary payments.

Also see our brochure on Fair Credit Billing.



The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

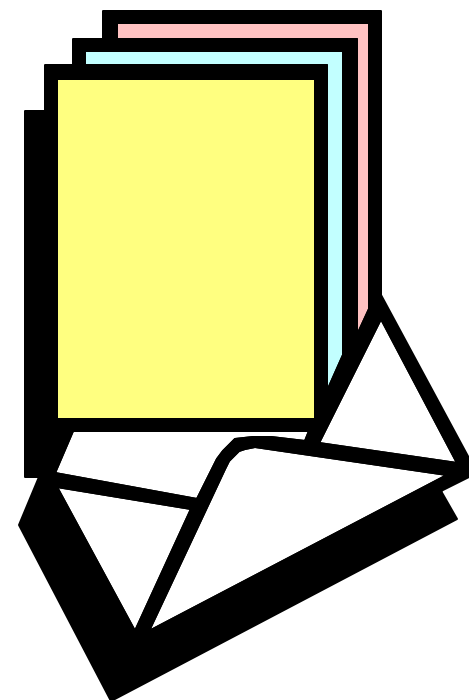
Answers to Credit Problems
Applying for Credit
At Home Shopping Rights
Bankruptcy Facts
Buried in Debt
Car Financing Scams
Charge Card Fraud
Choosing A Credit Card
Co-Signing
Credit and Divorce
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Fair Credit Reporting
Fair Debt Collection
Gold Cards
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High Rate Mortgages
Home Equity Credit Lines
How to Avoid Bankruptcy
Indiana Uniform Consumer Credit Code
Look Before you Lease
Mortgage Loans
Repossession
Reverse Mortgage Loans
Rule of 78s – What is it?
Scoring for Credit
Shopping for Credit
Using Credit Cards
Variable Rate Credit
What is a Budget?
What is the DFI?

Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information.



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CREDIT CARD DISPUTES



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